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Bill, this is an informal response to 'General Walters' comments on the NSSM draft that could, if deemed worthwhile, be cleaned up and put in memo form. This response is made in the belief that the views expressed in the General's memo have some currency elsewhere in town and might crop up in other forms in response to our reporting as we enter the crucial period in Italy.

The NSSM itself in our view is poorly conceived, addressing many of the wrong problems, taking too narrow a focus, and discussing Italy's prospects over too short a period. We raised these problems at the initial planning session and on several occasions since, but have been consistently overruled. It should also be noted that the NSSM is still in the drafting stage and a hasty glance at the latest version suggests that it has been heavily edited and that whole new problems are likely to emerge.

First it should be noted that there is no assumption anywhere in the intelligence community to my knowledge that the PCI is "just another party." For all its publicizing of essentially social democratic ideas, the PCI remains a Communist Party, ruled by democratic centralism, and maintaining ties with the CPSU. It is ~~also~~ assumed that the PCI's goal is to assume power in Italy and that its tactics are designed to reach this goal.

Having said this, however, it does not necessarily follow that the PCI is desirous or prepared to assume power immediately. Indeed, there are good reasons for the Italian Communists to prefer a gradual accession to power, and there is a growing body of intelligence that suggests that party leaders are concerned that now might not be the best time. The PCI's goal, after all, is not just to attain power, but to hold it.

The lesson of Chile was not lost on the PCI and Berlinguer has adopted his approach, in part at least, to avoid the kind of polarization that brought down Allende. That is why the PCI favors the historic compromise, and why a leftist coalition government with the Socialists is seen as the least desirable way of coming to power. Leaping from the center-left to the so-called left alternative (a Communist-Socialist government) could lead to the kind of panic that would cause economic havoc. This in turn could require the kind of tough policies that would alienate large sectors of society and possibly bring down the government.

This line of reasoning also suggests that if the PCI attains a share of power through the coming elections <sup>it</sup> ~~they~~ will pursue relatively moderate policies. The NSCM is concerned with only the period from now to November or maybe the end of the year, and there is very little likelihood that the PCI will move drastically to reshape Italy within that time frame. And even over the longer period of the next couple of years it seems unlikely that the PCI would move to revamp Italian society along East European lines--unless, of course, the kind of destabilization noted above forces its hand.

Does this line of reasoning "naively" accept Berlinguer at his word that the PCI is independent of Moscow and committed to pluralism? I think not. Indeed, it is only prudent to approach such statements with a good deal of ~~xxxxxxxx~~ skepticism. On the other hand, it does not seem particularly wise to me to totally discount Berlinguer's protestations--especially when there is no evidence to refute him--and thereby miss whatever opportunities might exist.

But in terms of assessing what PCI policies will be if these elections bring them into the government the "true colors" of the PCI are not  
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neither the determining factors. Even if we adopt the view that

Berlinguer's claims to independence and a commitment to democratic procedure are all a charade and the PCI is only a creature of Moscow, the argument that the PCI will not adopt radical policies in the near to mid term is persuasive. The chance of failure would remain the same and the international repercussions would take on added significance. If Moscow is, or comes to be, in a position to dictate terms to Italy and the "independence" line is proved a charade, it seems naive to assume that the charade was intended for Italy alone.

Tough policies at home, or an anti-western, anti-NATO, anti-EC line in foreign affairs would be the kiss of death for Communist aspirations in France, Spain, Portugal, etc. The Communists in these countries are not as near to power as their Italian brethren, but the French party has clear hopes of gaining a share of power in the 1978 legislative elections, and the Spaniards and Portuguese are doing their utmost to stay in the running. In fact, an Italian Communist Party in power that retains its sheep's clothing (or proves to actually be a sheep) may well prove more harmful to US interests in the long run than one that comes to power and almost immediately reveals itself as the wolf many suspect it to be.